

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

Miyano Machinery USA Inc.,)	
)	
Plaintiff,)	
)	
vs)	Civil Action No. 08 C 526
)	
MiyanoHitec Machinery, Inc.,)	Hon. Virginia Kendall
Thomas ("Tom" Miyano, a/k/a)	
Toshiharu Miyano and Steven)	Magistrate Judge Nolan
Miyano, a/k/a Shigemori Miyano,)	
)	
Defendants)	JURY TRIAL DEMANDED
MiyanoHitec Machinery, Inc.,)	
Thomas ("Tom" Miyano, a/k/a)	
Toshiharu Miyano and Steven)	
Miyano, a/k/a Shigemori Miyano,)	
)	
Counterclaimants,)	
)	
vs)	
)	
Miyano Machinery, Inc., and)	
Miyano Machinery USA, Inc.,)	
)	
Counterdefendants.)	

**REPLY TO RESPONSE OF MIYANO MACHINERY, INC.,
TO MOTION TO DISQUALIFY**

Defendant/Counterclaimant Thomas ("Tom") Miyano, by his counsel, hereby submits its Reply to the Response of Miyano Machinery, Inc., to the Motion to Disqualify Masuda, Funai, Eifert & Mitchell, Ltd., ("Masuda, Funai") an Illinois professional corporation engaged in the practice of law, as counsel for Counterdefendant Miyano Machinery, Inc., ("MMJ") a Japanese company, and states:

1. During Masuda Funai's representation of MMU, Masuda Funai also provided legal advice and counsel to Tom Miyano personally.
2. Specifically, Masuda Funai provided representation to Tom Miyano in connection with the incorporation and maintenance of Stephen

Fairchild, Inc., an Illinois corporation, which was known by Masuda Funai to be an integral part of Tom Miyano's personal financial planning, part of which included ownership interests of MMJ.

3. In addition, Masuda Funai provided legal counsel to MMU and to Tom Miyano in connection with development of suppliers for MMU which involved both MMU's corporate and business interests and Tom Miyano's business interests.

4. Further, all documents which were provided to Tom Miyano for his signature in connection with trademark registrations by MMU were prepared by Masuda Funai.

5. While Tom Miyano was either President and/or CEO of MMU, there was no conflict between his interests and the interests of MMU in that Tom Miyano and his family were the owner of MMJ, the parent corporation of MMU.

6. When Tom Miyano's association with MMU was ending, however, Masuda Funai abandoned its fiduciary relationship with Tom Miyano in that George Kobayashi ("Kobayashi"), an attorney with Masuda Funai, in at least two applications for trademark registrations by MMU, signed declarations on behalf of MMU which, on information and belief, Kobayashi knew contained untrue statements against the interests of Tom Miyano, Masuda Funai's former client.

7. The declaration of Thomas Miyano is attached hereto as Exhibit A in support of this Reply.

8. The relationship between Tom Miyano and MMU and, by extension, MMJ, and the efficacy of the declarations associated with trademark applications signed by Kobayashi are issues raised by

Plaintiff/Counterdefendant in this litigation as well as raised by Tom Miyano in his Affirmative Defenses and Counterclaim.

9. The issue is whether or not there is the possibility that confidences had been disclosed in prior matters which will be harmful to the client in another. Demonstration of disclosure of actual confidences is not necessary. Likewise, inquire into whether actual confidences are disclosed is inappropriate. *Westinghouse Electric Corporation v. Gulf Oil Corporation*, 488 F.2d 221, 224 (7th Cir., 1978)

10. Doubts as to the existence of an asserted conflict of interest should be resolved in favor of disqualification. *Westinghouse Electric Corporation v. Gulf Oil Corporation*, *supra*, at 225.

WHEREFORE, the Motion to Thomas Miyano to Disqualify Masuda Funai as counsel for MMJ in this cause should be granted.

DATED: March 31, 2008

Respectfully submitted,

/s/ Robert M. Karton
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